



Stanford eCorner

Is First-to-Market Best?

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Why is it a bad idea to be the first and only player in a market? Serial entrepreneur Steve Blank outlines a host of reasons, including limited market opportunity, the expense of defining new markets, and the positioning risk involved in setting the market standard. Blank cautions that it may not be wise to be break new ground, and that safer terrain can be found in the footholds of the "first fast follower."



Transcript

How many people want to be the first and only one in the marketplace? Come on. Usually, it's a bad idea. The rest of you know that. I suckered the rest of you into saying yes. Anybody knew why it's a bad idea? Usually, why is it a bad idea? Because you can now become the benchmark. You could be the benchmark so someone says, "We're going to beat them." Why else? Usually because there is no previous experience in the market, you're going to be the example of what not to do. Could be, or you could be the example of what to do. What else? If you're the only one, there may not be great opportunities. Duh. No one is here because we're jumping off a cliff; it's a very bad idea.

Might be. Why else? You have to spend a lot of money on advertising into some market. Why? For verification. You bet. Absolutely dead-on for all of these. It doesn't mean you never want to be the first mover. But the historic Stanford first mover advantage, I think over the last decade or two, has found out to be a divide by zero problem. It's just wrong. You don't always want to be the first mover. In fact, you typically want to be the first fast follower.

And if we take a look at almost all of the companies here that presented this semester, you'll find out that most of them were incredibly great fast followers. Was Amazon the first mover? How about eBay? How about Google? None of these guys were first movers. They were first best executers in the marketplace, but they were definitely not first movers.